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General

Foreign Ministry's News Briefing Reported

Questions on Xizang Answered

HK220248 Hong Kong TA KUNG PAO in Chinese
22 Oct 87 p 2

[Special dispatch: "Ma Yuzhen, Answering Journalists' Questions, Says Xizang Situation Is Calm"]

[Text] Beijing, 21 Oct—Ma Yuzhen, PRC Foreign Ministry spokesman, said when answering journalists' questions at a press briefing today that the situation in Xizang is now calm. He reiterated that Xizang issues are internal affairs of China and no interference from outside will be tolerated. He expressed resolute opposition to any foreigner interfering in China's internal affairs by making use of so-called "human rights" issues.

He added that it does not accord with the facts for foreigners to say that Xizang has been sealed off. He said, we will unwaveringly pursue a policy of opening up to the world, but we will also resolutely preserve our national sovereignty and oppose any outside interference in China's internal affairs. It is quite common in the world for a certain area to be temporarily closed to tourists and visitors for certain temporary reasons.

Asked by one journalist whether China would permit a group headed by a U.S. congressman to visit Xizang to find out about "human rights issues" there, Ma Yuzhen stated that the Xizang Autonomous Regional People's Government recently announced that foreigners will not be admitted for tours or visits for the time being, with the exception of those whose visits have already been approved or tour groups whose contracts have already been signed. He went on to say that if this U.S. congressman wants to pay a visit, he can make a proposal, and whether or not it is approved will be up to the Xizang Autonomous Regional People's Government.

However, he stressed that foreigners touring Xizang may not engage in activities that interfere in China's internal affairs.

A journalist followed up by asking what China wanted the U.S. Government to do in light of the continual criticisms of China's Xizang policy made by certain congressmen. Ma Yuzhen stated that China has noted the comments of certain State Department officials stating that the United States recognizes and acknowledges that Xizang is part of China and that it does not support the Dalai Lama's five-point program.

Asked whether the border between Xizang and Nepal had been closed, Ma Yuzhen said that China and Nepal are friends, and their border is also a border of peace and friendship.

On Gulf, Iranian Missiles

OW210910 Tokyo KYODO in English 0924 GMT
21 Oct 87

[By Antonio Kamiya]

[Text] Beijing, Oct. 21 KYODO—China expressed regret Wednesday over the U.S. Navy attack on two Iranian oil platforms in the Persian Gulf but stopped short of condemning outright the U.S. military action.

In China's first official reaction on Monday's U.S. naval bombardment of the Reshadat rigs in the Gulf, Foreign Ministry spokesman Ma Yuzhen also obliquely criticized Iran for "encroaching" on Kuwaiti territorial waters.

The United States has said it launched the attack in retaliation for an Iranian missile attack on a U.S.-flagged tanker inside Kuwaiti territorial waters last week.

"(We) express deep regret over the military action by the U.S. Navy," Ma said in a statement read at the weekly news briefing for foreign correspondents in Beijing.

China is also "opposed to the extension of the flames of war" to nonbelligerent countries in the Gulf area, Ma said, adding, "We express regret at the encroachment on Kuwaiti sovereignty over its territorial waters."

Ma denied, however, that China has sold any weapons to Iran, including missiles. Iran reportedly used Chinese-made "Silkworm" antiship missiles in last Friday's attack on the U.S.-tanker.

Ma said China is "very concerned" about the escalating military tension in the Gulf region and called on all parties concerned to "exercise restraint and prevent further worsening of the situation."

Ma reiterated China's support for the U.N. Security Council resolution calling for an immediate ceasefire in the Gulf.

Comments on Gulf, Cambodia

OW211351 Beijing Domestic Service in Mandarin
1030 GMT 21 Oct 87

[Text] On 19 October, the U.S. Navy attacked and destroyed Iranian oil platforms in the Gulf. At a press briefing this afternoon, Ma Yuzhen, a spokesman of the Chinese Foreign Ministry, discussed the current situation in the Gulf.

A reporter asked: The Phnom Penh regime has proposed that a quadripartite coalition government be formed in Cambodia. It is reported that Samdech Sihanouk has indicated that he is ready to hold talks with Phnom Penh. Does China have any comment on this matter?

Ma Yuzhen said: Any statement issued by the Phnom Penh side is of no practical significance as long as Vietnamese troops have not been withdrawn from Cambodia. He said: We respect Samdech Sihanouk. We have no comment, nor do we want to make any irresponsible remarks about what he wants to do.

Mozambican Leader To Visit
*OW211125 Beijing XINHUA in English 1113 GMT
21 Oct 87*

[Text] Beijing, October 21 (XINHUA)—Prime Minister Mario Fernandes da Graca Machungo of the People's Republic of Mozambique will pay an official visit to China with his wife from November 2 to 6 at the invitation of the Chinese Government.

This was announced by a Foreign Ministry spokesman at the weekly news briefing here this afternoon.

PRC Delegation Departs for UNESCO Meeting
*OW181541 Beijing XINHUA in English 1450 GMT
18 Oct 87*

[Text] Beijing, October 18 (XINHUA)—A Chinese delegation left here this evening for Paris to attend the 24th session of the General Conference of the United Nations Educational, Scientific, and Cultural Organization (UNESCO).

The delegation is led by Yang Haibo, vice-minister of the State Education Commission and chairman of the Chinese National Commission for UNESCO.

The conference to be held from October 20 to November 21 will examine and approve the UNESCO's programmes and budget for the next two years and discuss the guidelines of the third medium-term plan and elect the new director-general.

UNESCO Praised
*OW211358 Beijing XINHUA in English 0918 GMT
20 Oct 87*

[“China Hails UNESCO Achievements Before Conference”—XINHUA headline]

[Text] Paris, October 19 (XINHUA)—UNESCO has made active contributions to developing educational, scientific, cultural and journalist exchanges and cooperation, especially in developing countries, said Yang Haibo, head of China's delegation to UNESCO's 24th session of the general conference.

When the conference opens in Paris tomorrow, China's delegation will participate in all conference work and strive for practical results according to the principles of peace and development, Yang said in an interview with *Xinhua* here today.

UNESCO's general conference, which is held every two years, gathers delegates from 158 member countries to discuss and approve its plan and budget for 1988 and 1989 and map out guiding principles for its third six-year mid-term program.

Delegates will also discuss peace, disarmament, the struggle against racial discrimination, human rights and other issues.

This conference is to appoint a successor to Director-General Amadou M. M'Bow who recently failed in his bid for a third term. Federico Mayor Zaragoza of Spain has won the nomination as UNESCO's director-general.

As director-general for 13 years, M'Bow has contributed to strengthening exchanges and cooperation in educational, scientific and cultural field and promoting cultural cause of developing countries, said Yang, deputy minister in charge of China's Education Commission and chairman of the National Commission of China for UNESCO.

Analyzing the world situation, Yang noted that people all over the world today are making unremitting efforts in safeguarding peace and seeking development, and the world economy is grim. The economy of developing countries is stagnating and North-South contradiction becomes more prominent, Yang said.

He added that although the East-West relations are featured with dialogues and confrontation, the basic contradictions are just as what they were. Under such a situation, the UNESCO's efforts in international exchange and cooperation are drawing increasing attention from countries all over the world.

“The Chinese Government attaches great attention to the active role played by UNESCO since its founding in November 1946,” Yang said. Citing Chinese Premier Zhao Ziyang's congratulation to the organization on its 40th anniversary of establishment last November, he said the premier praised highly UNESCO's achievements and hoped that the organization will make greater contributions in safeguarding peace and promoting development while summing up experiences and improving its work.

The Chinese delegation will take an active part in the conference in the spirit of unity, friendliness, democratic consultation and being practical while following China's independent foreign policy, Yang said.

Yang hoped that UNESCO will do more practical work in promoting the cultural development of the third world countries and wished the conference a success.

United States & Canada

Beijing Radio Views U.S. Attack on Platforms

OW211139 Beijing in English to North America
0300 GMT 21 Oct 87

[Zhang Guohua news analysis]

[Text] American naval forces attacked two Iranian offshore oil platforms early Monday morning. The White House has described the attack as a response to last week's Iranian missile attack on the U.S.-flag Kuwaiti oil tanker. However, Iran has called the attack an act of aggression for which Iran will retaliate. Radio Beijing correspondent in Washington Zhang Guohua has an analysis on the situation.

The U.S. decision to attack the two Iranian offshore oil-drilling platforms was a typical and risky one. Although the U.S. military presence in the Persian Gulf area is massive, about 40 warships manned by about 20,000 people, U.S. policymakers have appeared to be trying to avoid direct confrontation with Iran. That's why when an Iranian missile hit an American-owned Liberian flag vessel in the Kuwaiti harbor last Thursday, U.S. Secretary of State George Shultz seemed to be playing down the incident at that time, stressing that the attack was against Kuwait and not a U.S. flag ship. But when a second Iranian missile hit a U.S. flag Kuwaiti tanker last Friday, pressure quickly built upon the Reagan administration to take some action or lose its credibility among the Gulf countries.

By the way, Washington tried to avoid direct military confrontation with Tehran not because it's afraid of the latter, but because fighting Iran in a protracted regional conflict at high cost is not in Washington's interests. The primary U.S. concern has always been to edge out growing Soviet influence in that vital region of the world.

Now to come back to the U.S. decision to attack Iranian oil platforms, the selection of the nonproducing oil platforms rather than militarily more significant naval bases or missile sites as the targets of the U.S. naval attack clearly indicates what a dilemma sort of situation [as heard] the United States is facing. The attack on the Iranian oil platforms was, to put it bluntly, a face-saving action to honor U.S. credibility while at the same time minimizing chances of an all-out confrontation with Iran. President Reagan has described the U.S. naval attack as a prudent yet restrained response, and his move has generally been approved by the U.S. Congress. But there are also people who voice concern and anxiety at what may come next. Ranking Democrat on the House Foreign Affairs Committee Lee Hamilton said: The U.S. naval action is very risky because, first of all, it complicates diplomatic efforts at the United Nations to end the Iran-Iraq war; secondly, it escalates fighting in the Gulf; and thirdly, it increases U.S.-Iranian hostility and impairs any hope of repairing their bilateral relations.

The Iranian missile attacks on American-owned or U.S. flag vessels last week and the U.S. naval attack on the Iranian oil platforms on Monday were only the latest in a series of U.S.-Iranian military skirmishes since the U.S. Navy began escorting reflagged Kuwaiti tankers 3 months ago. On 24 July, the U.S.-flag supertanker *Bridgeton* was hit and damaged by a mine allegedly laid by Iran. On 21 September, U.S. naval helicopters attacked and later blew up an Iranian landing craft allegedly laying mines in Gulf waters. And on 8 October, U.S. military helicopters fired on and sank 3 Iranian speedboats. At a special news briefing on Monday after the U.S. attack on the Iranian oil platforms, U.S. Defense Secretary Caspar Weinberger said: The matter is now closed. But the United States will be fully prepared to meet any escalation of military actions by Iran with stronger countermeasures.

For Iran, however, the matter may be far from being closed. Tehran quickly condemned the U.S. attack, saying the United States is now involved in a full-fledged war and Iran will come out with a crushing response. Even Iran's president promised to retaliate, and the head of Iran's War Information Office has been quoted as saying that the United States has entered a swamp from which it cannot safely get out. People are worried about what may happen next as another step in the spiral of escalation in the dangerous Gulf conflict.

RENMIN RIBAO on U.S. Stock Market

HK211454 Beijing RENMIN RIBAO in Chinese
19 Oct 87 p 7

[“Economic Jottings” by Zhang Liang (1728 0081):
“Why Is Wall Street Frightened?”]

[Text] The New York stock market was extremely turbulent on 14 October, with the Dow Jones index dropping sharply by 95.46 points in 1 day, which was rare in history. What triggered the drop was that Washington that day announced unexpected bad news: The U.S. trade deficit remained as high as \$15.68 billion in August.

It should be mentioned the Dow Jones index had already dropped by 91.55 points 1 week ago. This was caused by all major U.S. commercial banks deciding to increase their prime interest rate from 8.75 to 9.25 percent.

It is not unreasonable Wall Street reacted so sensitively to the high U.S. trade deficit and the continuous increase of interest rates. This reflects the financial circle's serious worry and concern over the current U.S. economic situation.

Although the U.S. economy has increased at a low rate of growth since the beginning of this year, its latent contradictions and problems have been increasingly exposed

and might further deteriorate. Particularly striking are three major difficult problems: Trade imbalance, the unstable exchange rate of the U.S. dollar, and serious inflation.

At the beginning of this year, the Reagan administration optimistically predicted that the U.S. trade deficit would decrease by \$30 to \$40 billion this year over last year, but the fact was really disappointing. According to official statistics, the U.S. trade deficit in the first 8 months of this year reached as high as some \$116 billion. It can be said with certainty that the U.S. trade deficits in the whole year will exceed last year's record high of \$156.2 billion.

This serious situation will inevitably increase pressure on the U.S. dollar and force it to further depreciate. However, if the exchange rate of the U.S. dollar continues to drop sharply, it will not only be disadvantageous to the U.S. economy, but will also seriously hinder economic development in other Western countries, particularly in Japan and West Germany. This will in turn shrink the U.S. export market.

Greenspan, who has only recently become chairman of the U.S. Federal Reserve Board, announced suddenly on 4 September that the discount rate would be raised by 0.5 percent. Within a few months, the various big commercial banks in the United States raised the preferential interest rate four times so that the preferential interest rate has risen from the original 7.5 percent to 9.25 percent. Obviously, the aim of the U.S. Federal Reserve Board and various big commercial banks in the United States in adopting the decreasing credit policy is not only to stop the plunge of the U.S. dollar but also to stop inflation. However, such a policy will also hinder the increase of investment in business and the increase of individual consumption, both of which have been playing a vital role in the U.S. economy. Moreover, such a policy will also cause the arrival of another economic recession.

That the U.S. foreign trade deficit still remains high will inevitably whet the growing protectionist trend in the U.S. Congress. If, under the pressure of the U.S. Congress, the Reagan administration overreacts to the situation by adopting measures to restrict imports, the countries concerned will certainly take countermeasures to avenge themselves on the United States, which might trigger a world-wide trade war. Such an outcome would certainly harm all the countries in the world, including the United States.

That the United States has repeatedly raised its interest rate has aroused resentment and strong protests among the debtor nations in Latin America because the U.S. action will certainly worsen their long-standing debt crises as if pouring oil onto the fire. According to the responsible person of the Mexican National Economists'

Association, the 0.5-percent increase of the U.S. interest rate will alone cause a loss of U.S.\$1.62 billion to Brazil, Mexico, and Argentina every year.

The above situation shows that the decreasing credit policy adopted by the United States will not only give a heavy blow to the U.S. economy but will also increase the financial burden of its debtor nations. However, it is true that the U.S. banks have their own reasons for adopting such a policy. As far as this question is concerned, U.S. Treasury Secretary Baker frankly said: "None of us is willing to see the increase of the interest rate, but none of us is willing to see the arrival of another inflation, either." It seems that it will be extremely difficult for Washington to get out of the present dilemma.

Soviet Union

USSR Reporters To Cover CPC Congress
OW211031 Tokyo KYODO in English 0829 GMT
21 Oct 87

[By Antonio Kamiya]

[Text] Beijing, Oct. 21 KYODO—The Soviet Union will send a three-member press delegation to cover China's upcoming party congress in what is seen as yet another sign of a thaw in Sino-Soviet relations, Eastern sources said Wednesday.

Chinese authorities said the Soviet press group is among the 300 or so foreign reporters covering the event, which opens this Sunday at the Great Hall of the People for an expected nine-day run.

The opening and closing ceremonies of the national congress will be open to the foreign press for the first time since the Communist Party came to power in 1949.

According to Eastern sources here, the Soviet media group will be made up of one reporter each from *Pravda*, the official paper of the ruling Communist Party, the party magazine, *Kommunist*, and the Soviet state television and radio network.

The official Soviet news agency TASS keeps a regular news staff in Beijing under a reciprocal arrangement with China, but *Pravda* pulled its correspondents out of China in 1965 after the communist parties of the two countries waged a vicious ideological warfare in the early 1960's.

Since then, news coverage in China by *Pravda* has been limited to non-political events like international sports.

Eastern sources said the TV and radio network will open a three-person bureau in Beijing early next year, as part of stepped-up contact between the two countries.

Beijing will reciprocate by opening a Moscow Bureau for the Chinese state-run television network, the sources said.

Meanwhile, the official *Xinhua* Chinese news agency said Wednesday a total of 90 journalists from more than 20 countries will be coming to Beijing to cover the party meeting. This is in addition to the 140 or so foreign journalists stationed in China.

Another 50 journalists from the Chinese press in Hong Kong, Macao and elsewhere are also expected to come, *Xinhua* said.

'Low-Level' Delegation To Visit Moscow 7 Nov
HK220528 Hong Kong AFP in English 0434 GMT
22 Oct 87

[Text] Beijing, Oct 22—China is to send an official delegation to Moscow next month for celebrations marking the 70th anniversary of the Russian October Revolution, the government confirmed here Thursday.

It will be the first time Chinese officials have attended the event since the Sino-Soviet split of the early 1960's.

The Foreign Ministry said the delegation would be led by Wu Xiuquan, chairman of the Sino-Soviet Friendship Association.

Beijing's acceptance of the Soviet Union's invitation to the anniversary, celebrated on November 7, is a political gesture confirming improved relations between the two countries, Western analysts and diplomats said here.

But China has taken care to send a relatively low-ranking official to Moscow to keep the visit a low-profile affair, observers said.

Mr. Wu, who is also chairman of the Society for Soviet and East European Studies, is not a member of the Communist Party Central Committee.

China stopped sending official delegations to the Soviet Union for annual celebrations of the 1917 revolution for ideological and strategic reasons following the Sino-Soviet split in the early 1960's.

But relations have consistently improved since talks on normalizing relations began in 1982. Last year, the two countries resumed border talks after an eight-year break.

The *New China News Agency* (NCNA) said Thursday that trade at the border between the north-east Chinese province of Heilongjiang and the Soviet Far East, had leapt a spectacular 94.3 per cent between January and October this year compared with the whole of 1986.

Trade was worth some 58 million Swiss francs (38.6 million U.S.), a figure described by a Chinese trade official as "very encouraging, and promising broad prospects for future development," NCNA said.

But China has regularly cited three obstacles to full normalization of relations between the two countries—Moscow's support for Vietnamese troops occupying Cambodia, Soviet intervention in Afghanistan and Soviet military deployment along China's northern borders.

Northeast Asia

Wang Zhen Receives Japanese Delegation
OW211309 Beijing XINHUA in English 1308 GMT
20 Oct 87

[Text] Beijing, October 20 (XINHUA)—Wang Zhen, honorary president of the China-Japan Friendship Association, met with a delegation from the Japan's Fawd Sagawa International Economic Co-operation [name of organization as received] and gave a dinner in its honor here today.

The delegation is led by Hiroyasu Watanabe, director general of the Tokyo Sagawa Express Company Limited.

Sun Pinghua, president of the China-Japan Friendship Association, was present both at the meeting and banquet. The Fawd Sagawa International Economic Co-operation is a friendly organization set up by the Tokyo Sagawa Express Company Limited to strengthen exchanges and contacts with China and the Southeast Asian countries.

The delegation arrived here this afternoon. This is the first visit to China by the Fawd Sagawa International Economic Co-operation since its establishment.

Southeast Asia & Pacific

Newspaper on UN Resolution on Cambodia
HK211112 Beijing RENMIN RIBAO in Chinese
17 Oct 87 p 6

[Article by Wang Rongjiu (3769 2837 0036): "Who Actually 'Has Again Entered a Blind Alley'?"]

[Text] The UN General Assembly on 14 October adopted by an overwhelming majority a resolution demanding that all "foreign troops" withdraw from Cambodia to restore and safeguard the country's independence, sovereignty, and territorial integrity and let the Cambodian people decide their own fate and that all foreign countries promise not to interfere and meddle in Cambodia's internal affairs. The resolution also particularly points out that this must be made a major part of any fair and sustained settlement of the Cambodian issue.

As everyone knows, the term "foreign troops" stationed in Cambodia actually refers to the Vietnamese invasion troops in Cambodia. However, Vietnam, the very party concerned which created the Cambodian issue and is a member of the United Nations, arbitrarily rejected once again the UN's solemn resolution, spreading a slander that the adoption of this resolution endorsed by 117 countries indicates that "the UN has again got into a blind alley." Vietnam even confused right and wrong, preemptively criticizing that this resolution put forth by 63 sponsor countries "is impervious to reason and does not conform with the actual situation in Cambodia and the current general trend of the matter." The rude and unreasonable attitude of the Vietnamese authorities toward the UN resolution clearly shows that so far there is no substantial change in the aggressive and expansionist policy that Vietnam has pursued in the past 9 years.

It has been noticed that this year the Vietnamese authorities gave up the ostrich policy of being absent from the General Assembly that they practiced last year but tried to play many new tricks. For a while the Vietnamese dished out a "national reconciliation" scheme; then they made a big fuss in announcing their "partial withdrawal program"; after that, they made a great show at the General Assembly to defend their aggressive policy. The Vietnamese purpose in all these activities is nothing but to mislead others and to create a false impression that they are eager to "seek a solution" to the Cambodian issue. However, with discerning eyes, representatives of other countries to the UN have not been fooled by the Vietnamese. The motion demanding a withdrawal of all the Vietnamese invasion troops from Cambodia was adopted with 117 votes in favor, 2 votes more than last year. This fact is a resolute response to the trick that the Vietnamese have painstakingly devised.

Of course, from what the Vietnamese have done this year, one can find that they no longer claim that "the Cambodian issue absolutely does not exist" or that the situation in Cambodia is "irreversible," as they had done before. This change of tune shows that the Vietnamese authorities have landed in increasingly dire straits in the past 9 years since their occupation of Cambodia and it is they themselves that "are entering a blind alley." It is certain that the Vietnamese can never get out of this blind alley if they do not change their policy. And this is exactly the "general trend" of the Cambodian issue at the moment.

The UN resolution serves as a mirror to reflect once again the instinct of the Vietnamese authorities as aggressors and to show how unpopular the Vietnamese are in the world. The UN resolution also serves as a serious warning to the Vietnamese to remind them that nobody can be fooled by any trick of theirs on the Cambodian issue.

What the Singapore representative said in refuting Vietnam's absurd view is quite right: The call for the withdrawal of the Vietnamese troops from Cambodia is not

uttered by only a single party but is "a demand by the whole international community." If the Vietnamese authorities hear this just call representing the international community's will, they had better wake up to reality as soon as possible!

East Europe

MTI Cites PRC Spokesman on Kadar Visit LD211416 Budapest MTI in English 1334 GMT 21 Oct 87

[Text] Beijing, October 21 (MTI)—At his press conference Wednesday, the spokesman of the Chinese Foreign Ministry commented positively on the five-day official friendship visit to China of Janos Kadar, general secretary of the Hungarian Socialist Workers' Party.

Answering the question of MTI's Beijing correspondent, he said: "During the visit of Janos Kadar to China, the leaders of the two countries held extremely friendly discussions. They held profound exchanges of views on international issues of mutual interest, and on further developing the friendly relations of the two parties and two peoples. The Chinese leaders are satisfied both with the visit, and the talks, and term Janos Kadar's visit highly successful. It is the conviction of the Chinese leaders that relations between the Chinese Communist Party and the Hungarian Socialist Workers' Party, and between China and Hungary have begun a new stage with the visit to Hungary of Acting General Secretary and Prime Minister Zhao Ziyang, and the recent visit to Beijing by Janos Kadar."

Latin America & Caribbean

Li Xiannian Meets Dominican Party Head OW211352 Beijing XINHUA in English 0933 GMT 21 Oct 87

[Text] Beijing, October 21 (XINHUA)—Chinese President Li Xiannian met here today a delegation from the Dominican Revolutionary Party led by its President Pena Gomez.

During the meeting, Li said problems in Latin American countries must be resolved by the Latin American people themselves and the two superpowers should not interfere.

Li, who is also member of the Standing Committee of the political Bureau of the Chinese Communist Party (CPC) Central Committee, said the recent summit of the five Central American nations was fruitful.

The Chinese president noted that China has established very good relations with many Latin American countries and added China is willing to establish and further its friendly ties, especially with Central American and Caribbean countries.

Pena Gomez said the Dominican people esteem China and added the Dominican Revolutionary Party hopes to establish and enhance friendly and cooperative relations with the CPC.

The Dominican visitors are here as guests of the CPC.

Stresses Opposition to 'Two Chinas'
HK220452 Hong Kong ZHONGGUO XINWEN SHE
in Chinese 0850 GMT 21 Oct 87

[Text] Beijing, 21 Oct (ZHONGGUO XINWEN SHE)—Li Xiannian, member of the Standing Committee of the CPC Central Committee Political Bureau and state president, said here today: China has no objection to a country maintaining economic and trade links with Taiwan, "but China opposes, and indeed resolutely opposes, any attempt to pursue 'two Chinas' or 'one China and one Taiwan.'"

He reiterated China's stand when receiving a delegation from the Dominican Revolutionary Party headed by Pena Gomez.

Li Xiannian also said that China enjoys excellent relations with many Latin American countries, and is willing to establish and develop ties with those countries, especially in Central America and the Caribbean region.

Li Xiannian stated that it is the right and proper thing for developed countries to help the developing countries.

He went on to say that since China is now in the initial stage of socialism, it needs to greatly develop its productive forces, and does not yet possess the conditions for providing more assistance to the developing countries; this is something we would like to do but lack the means, and our friends need to understand this point. China will provide all possible assistance.

Li Xiannian said that the recent summit meeting of five Central American countries was "quite successful." The two superpowers should not interfere in Latin American affairs.

Pena Gomez told Li Xiannian that the Dominican Republic has tremendous admiration for China and hopes to strengthen ties between the governments and peoples of the two countries. He said that although the Dominican Republic and China are geographically far apart, they are close in culture and ideology.

The Dominican Revolutionary Party established ties with the CPC in 1984. The party delegation's current visit to China is aimed at strengthening relations between the two parties and also promoting the further development of relations between the two countries.

Zhu Qizhen Ends Official Visit to Argentina
OW152105 Beijing XINHUA in English 1713 GMT
15 Oct 87

[Text] Buenos Aires, October 15 (XINHUA)—Chinese Vice Foreign Minister Zhu Qizhen ended his four-day official visit to Argentina and left here for Bolivia this morning.

During his stay, Zhu met President Raul Alfonsin and Foreign Minister Dante Caputo. He had two rounds of talks with head of the Argentine Foreign Relations Secretariat Susana Ruiz Cerrutti and met Jorge Romero, international economic relations secretary.

Barter Program To Start
OW152057 Beijing XINHUA in English 1656 GMT
15 Oct 87

[Text] Buenos Aires, October 15 (XINHUA)—China and Argentina are going to carry out a wide bartering program to increase trade between them, Chinese Vice Foreign Minister Zhu Qizhen said Wednesday.

During a meeting with Jorge Romero, Argentina's secretary of international economic relations, Zhu said that China's interest in acquiring radio communications and agricultural and livestock technologies from Argentina has met an obstacle in working out terms of payment.

According to a diplomatic source, China imports 350 million dollars worth of goods from Argentina but exports to it only ten million dollars worth. A barter program will decrease that trade imbalance, and Argentine officials said that a task force will be established by May, 1988, to work it out.

During his visit the Chinese delegate also met with Argentine President Raul Alfonsin and Foreign Minister Dante Caputo.

Balanced Trade Sought
OW160940 Beijing XINHUA in English 0853 GMT
16 Oct 87

[Text] Buenos Aires, October 15 (XINHUA)—Argentina is looking for stable economic relations with the People's Republic of China by balancing its trade with the country, which presently favors Argentina.

Juan Ciminari, Argentine foreign trade and industry secretary, made this statement after his meeting with President Raul Alfonsin to report the results of his recent trip to China.

Ciminari explained that his tour centered on "a revision of commercial trade".

He indicated that "we want this situation in the future to be balanced so that the country has a lasting economic relationship. Nevertheless, for now, we want to continue maintaining these markets and increase them."

Ciminari said Chinese Vice Foreign Minister Zhu Qizhen's visit to Argentina "indicates the disposition of the People's Republic of China to strengthen its ties with Argentina in order that this results, obviously, in trade, with an important quantity of sales for our country."

Commentary Urges Low-Key Congress Celebration
HK221058 Beijing RENMIN RIBAO in Chinese
21 Oct 87 p 1

[“Short Commentary”: “Happily Celebrate the 13th CPC National Congress, Guard Against Extravagance”]

[Text] A reader has recently written to reflect how his locality and unit are discussing how to ceremoniously celebrate the convening of the 13th CPC National Congress. Some people proposed that we lose no time in rehearsing variety shows and art performances; others suggested holding a mass rally to mark the occasion; still others hoped for fireworks. This reader holds the view that if the whole nation should go in for such celebratory activities, millions upon millions of work hours and huge amounts of state materials and money would be squandered; the waste would simply be too great. Moreover, the pernicious effects would not just rest at that.

This reader's opinion hit the nail on the head, and was aired at an opportune moment.

The convening of the 13th CPC National Congress is really a happy event in the political life in China. Beyond doubt, the 13th CPC National Congress will determine the major line, principles, and policies on reform, greatly step up the pace of reform and opening up in China, and go down in history as a new milestone in succession to the 3rd Plenary Session of the 11th CPC Central Committee. The comrades of the whole party and people of all nationalities throughout the country have long desired the opening of the 13th CPC National Congress. Now, as the opening is drawing near, it goes without saying that the people are all very happy. It is understandable that they would love to sing in praise of the party line since the 3rd Plenary Session of the 11th CPC Central Committee to express in various forms the support in their hearts of the policy of reform and opening to the outside world.

However, we must soberly see that our material wealth is not sufficient, while all kinds of difficulties in our national construction and the people's life are awaiting solution. To this end, the party Central Committee and State Council are calling on the people throughout the nation to unfold the “double increase, double economy” campaign; on the other hand, we should all the more guard against the revival of formalism and its effects in ideological style under whatever pretexts in whatever forms; such formalism once gravely injured the party and people.

Therefore, when the whole nation is celebrating the opening of the 13th CPC National Congress, we ought to pay special attention to economy and practicality, and firmly refrain from those flashy activities without substance which can only be a waste of money and manpower. All in all, quietly putting one's shoulder to the

wheel in a down-to-earth manner to score outstanding accomplishments in reform is the best way to celebrate the convening of the 13th CPC National Congress.

Article Forecasts New CPC Leading Body
HK221025 Hong Kong KUANG CHIAO CHING
in Chinese No 181, 16 Oct 87 pp 45-47

[Article by Sha Liang (3097 5328): “The 13th Party Congress Line-Up Revealed”]

[Text] The 13th CPC Congress will be an important meeting of historical and epoch-making significance, and it will exert a striking effect on China.

A Model of Collective Leadership and Mutual Supervision [subhead]

Viewing the 13th CPC Congress, what is most important to pay attention to is the structural changes and the direction of development, because they may indicate the development trend of the future CPC power operation. At present, we may reasonably conclude that there will be the following structural changes: 1. an expansion of the leadership position of the party Political Bureau and its Standing Committee, 2. a readjustment of the functions and powers of the party Secretariat; and 3. a revision of the party Constitution and the establishment of new standards for certain questions within the party.

The last issue of *Kuang Chiao Ching* revealed details of the whole preparation process for the 13th CPC Congress, the important transfer of personnel, the expansion of the leadership position of the party Political Bureau, and the readjustment of the functions and powers of the party Secretariat. According to our friends in Beijing close to Zhongnanhai, the information disclosed by *Kuang Chiao Ching* is basically correct, so it is unnecessary to go into any further details here. However, we must further explain that after the 13th CPC Congress, the party Political Bureau will become the highest power organ of the CPC, members of the party Political Bureau Standing Committee will be the most authoritative policy-makers, and the party Secretariat will work as an executive organ of the Political Bureau. Such a pattern is different from that in the “Cultural Revolution,” in which the party chairman placed himself over the whole party, and it is also different from that following the 8th Party Congress, in which the Secretariat was on the front line while the Political Bureau was on the second line. Separating the power of discussing official business from the power of performing missions and dividing the power of policy-making will no doubt facilitate inter-party democracy and supervision. It has been learned that when the preliminary group for the 13th Party Congress presented a draft copy on reforming the central structure to some party veterans and elder marshals to finalize the manuscript, all of them spoke in praise of it, saying that this will help improve the democratic way of making policy decisions and the system of collective leadership within the party.

Suggestions Put Forward by Deng Xiaoping, Chen Yun, Peng Zhen, and Other Party Veterans Have Been Reflected in the Structural Reform [subhead]

Our friends in Beijing have disclosed that some party veterans hold different views on the candidates selected to be party successors, but they are of the same view regarding the consideration of establishing a system of selecting successors because they all suffered a great deal from the practice of an individual person acting arbitrarily and do not want to see the resurrection of a power monopoly in the hands of a single "political strongman" in the new generation of CPC leaders. It has been learned that when exchanging views, Deng Xiaoping advanced the principle of "collective leadership and mutual supervision," Chen Yun proposed the method of collectively discussing official business and making policy decisions, and Peng Zhen favored the idea of "collectively reporting on each one's work and going about work separately." These suggestions by party veterans have all been reflected in the draft copy on reforming the central leadership structure.

The supreme power structure of the CPC that is to be erected at the 13th CPC Congress will fully embody the agreement reached by Deng Xiaoping, Chen Yun, Peng Zhen, Li Xiannian, and other party veterans. It will be a model marked by collective leadership and mutual supervision. If the model can be drawn up through a certain procedure and perseveringly institutionalized, then it will essentially promote an advanced form of democracy in the CPC.

What Will Be Changed in the New Party Constitution? [subhead]

The 13th Party Congress will adopt a new party constitution, which also will give expression to structural changes. According to our friends in Beijing, the new party constitution has been finalized after several rounds of examination. Compared to the previous party Constitution, some technical revisions have been made in the new party constitution. For example, the provision that the chairman of the Central Committee Military Commission must be a member of the Political Bureau Standing Committee has been deleted, and new measures on party discipline for its members have been adopted. However, the most spectacular changes in the new party constitution are that the Political Bureau will be the supreme power organ of the CPC, the Secretariat will be the executive organ of the Political Bureau, and the Political Bureau should regularly hold meetings to collectively discuss official business and make policy decisions.

Historical data shows that whenever the CPC has convened a national congress, it used to revised its Constitution. As rules and regulations for a political party, the party Constitution should be kept comparatively stable. However, the CPC Constitution has been dramatically changed time and again, and this fully shows that the

political life within the CPC has not yet been institutionalized. Many delegates to the party congress and even members of the Central Committee have no idea of the new party Constitution, and what they have to do is just vote by a show of hands. Such a procedure of revising the party Constitution from top to bottom shows that the revision of the party Constitution does not evince the needs of the grass-roots party organizations, but bows to the opinions of very few top leaders. We just hope that the new party constitution to be adopted at the 13th Congress can last longer than before.

To the Satisfaction of One and All Party Veterans [subhead]

To correctly view the change of personnel at the 13th Congress, we must first know well that the 13th Congress will only decide on removals and appointments of inner-party personnel, and that the change of personnel in government offices will be made later. The power pattern of the CPC consists of party and government officials, but, comparatively speaking, arrangements for inner-party personnel are more important and complicated than those of government officials. This is mainly because China is a country in which the Communist Party exercises leadership over everything. As long as one holds a post in the party's policy-making stratum, he can affect government work just the same, because all major policy decisions made by government offices first should be discussed and approved within the party. For example, the decision on slackening the speed of carrying out the reform and opening up to the outside world in the 14 coastal open cities was just made by the party Secretariat.

After the 7th Plenary Session of the 12th CPC Central Committee, the personnel arrangements within the CPC will be settled. According to this reporter, the CPC's power core can be divided into three levels. The first level is composed of those "number one men" who are each in command of a certain domain. These leading figures include the chairman of the Military Commission, the CPC general secretary, the first secretary of the Central Commission for Discipline Inspection, and the chairman of the Central Advisory Commission. Only those enjoying high prestige within the party are qualified to hold these posts. The second level is composed of members of the Standing Committee of the CPC Political Bureau. And the third level consists of members of the Political Bureau and the Secretariat of the CPC Central Committee who have a say in the policy-making process and are vested with executive powers.

Bo Yibo Will Head the Discipline Inspection Commission [subhead]

Among those at the first level, Deng Xiaoping will retain the post of chairman of the Military Commission. As for the Discipline Inspection Commission, since an unhealthy party style has been running amok in recent years, Chen Yun has decided to withdraw from the

commission for reasons of poor health and will move to head the Central Advisory Commission. It is said that Bo Yibo will be appointed first secretary of the Discipline Inspection Commission. When the CPC announced the end of the party rectification, the post of vice chairman of the Central Commission for Guiding Party Rectification, which used to be held by Bo Yibo, ceased to exist. Although Bo has taken part in the preparations for the 13th CPC National Congress, his position within the party is merely vice chairman of the Central Advisory Commission. After careful consideration, a compromise has finally been reached so that Bo will be appointed first secretary of the Discipline Inspection Commission, and thus he will be in command of a department like other senior politicians.

The Name List of Members of the Standing Committee of the Political Bureau Proposed by Deng Xiaoping Has Been Accepted by All Factions [subhead]

The second level comprises the Standing Committee of the Political Bureau. The name list of members of this Standing Committee was the most difficult to work out during the preparations for the 13th CPC National Congress. Five proposed name lists for this Standing Committee were considered at the "summer capital meeting." The finalized name list is the one put forth by Deng Xiaoping, which consists of seven members, namely, Zhao Ziyang, Yang Shangkun, Hu Qili, Li Peng, Yao Yilin, Qiao Shi, and Tian Jiyun. What is relatively surprising is that Yang Shangkun and Tian Jiyun are on the list. Some well-informed sources have pointed out: It is a long-established principle that a seat in the Political Bureau Standing Committee will be given to a military leader, and the question is which military leader will be chosen to take this seat. If Yang Shangkun's age is taken into consideration, he should have already retired or must be about to retire. However, among the most powerful leaders of the CPC's Armed Forces, at present no one except Deng Xiaoping is comparable to Yang in terms of seniority (during the Jinggangshan period, Yang held the post of political commissar of the No 3 Army Group of the Red Army, a post that was even senior to what held by Deng Xiaoping at that time). Now that it is certain that Deng Xiaoping will withdraw from the Political Bureau Standing Committee, Yang will naturally become the only person qualified to enter the Standing Committee in the capacity of leader of the Military Commission. The reason Tian Jiyun has been selected to be a member of the Political Bureau Standing Committee is obviously because he can assist Zhao Ziyang preside over party affairs. As a cadre selected and promoted by Zhao personally, Tian Jiyun has always faithfully implemented Zhao's policies. So it is self-evident that Tian's appointment to the Standing Committee will be of great significance to the consolidation of Zhao Ziyang's leadership within the CPC. But those well-informed sources noted: It was not Zhao Ziyang himself who recommended that Tian Jiyun be appointed a member of the Political Bureau Standing Committee;

instead, it was Deng Xiaoping who made the proposal. This can possibly be regarded as a careful arrangement by Deng Xiaoping in order to put a successor to Zhao there.

It is said that the reason Wan Li, another leading member of the reformist faction, will not be appointed to the Political Bureau Standing Committee is because he has already been selected to be the acting premier and later to replace Li Xiannian as president of the PRC. This is the reason he is not to be appointed to any post within the party.

The Seven-Man Standing Committee Is a Product of Compromise [subhead]

The seven-man Standing Committee to be formed during the 13th National CPC Congress is a product of compromise between different factions within the CPC. The balanced development of all forces, with Deng's line as a dominant factor, will be the basic feature of the power structure emerging from the 13th National CPC Congress.

New Men Will Emerge in the Secretariat [subhead]

As for the personnel change at the third level, namely, members of the Political Bureau and the Secretariat of the CPC Central Committee, it is said that there are also predetermined name lists. But these name lists have neither become the focus of attention in the political arena nor drawn the attention of the public like the name list of members of the Political Bureau Standing Committee. In addition, aware that these name lists are subject to ratification, the CPC authorities realize that it is proper not to reveal these name lists too soon. According to some friends in Beijing who are close to Zhongnanhai, the name list of candidates for membership in the Political Bureau was basically worked out after the model of the structure of the Standing Committee. All factions are represented in the Political Bureau, and the age structure reflects the principle of a combination of the young and the old. What is noteworthy is that a group of new men are entering the Secretariat. Among them are Bao Tong, Wen Jiabao, Li Tieying, and Chen Junsheng, who have been introduced to the readers of *Kuang Chiao Ching* in previous issues. The recruitment of these new men into the Secretariat was largely because of Zhao Ziyang's recommendation. According to well-informed sources, Deng Xiaoping had made it clear before the summer capital meeting that Zhao Ziyang would be in charge of recruitment of members of the Secretariat, with preference given to young men. And Zhao Ziyang, from his own point of view, will naturally select those young cadres who have assumed a firm stance in support of the policy of reform and opening up and have shown strong ability in doing practical work.

Shen Tu 'Violated Foreign Affairs Discipline'
HK221410 Hong Kong ZHONGGUO TONGXUN SHE
in Chinese 0941 GMT 22 Oct 87

[Report: "Why Was Shen Tu Ousted From the CPC Central Committee?"]

[Text] Hong Kong, 22 October (ZHONGGUO TONGXUN SHE)—At the 7th Plenary Session of the 12th CPC Central Committee, which has been held over the past 2 days, Shen Tu finally lost his membership to the CPC Central Committee.

It is learned that the former director general of the CAAC [Civil Aviation Administration of China] was ousted from the CPC power center on charges of violating foreign affairs discipline and seeking private gain by abusing his power. And the rumor that Shen Tu made serious mistakes by taking bribes, which was once widespread abroad, has now proved to be incorrect.

The charge that Shen Tu violated foreign affairs discipline refers to the time, after he retired to the second line, that he applied to go to the United States on official business. However, soon after he arrived in the United States, he was nowhere to be found. He did not stay in the quarters of the CAAC office in the United States, but lived in luxurious hotels and private residences. During his 8-day stay in the United States, he just symbolically showed up at the CAAC office one morning to "inspect the work" there.

Over the past few years, Shen Tu has also made use of his position to directly obtain or ask others to obtain, free of charge, eight plane tickets worth a total of more than \$14,000 and gave those plane tickets to his son and daughter-in-law, who were studying in the United States, to travel back and forth.

Leaders at Ye Jianying's Memorial Ceremony
HK220543 Guangzhou Guangdong Provincial Service
in Mandarin 0400 GMT 22 Oct 87

[Text] Today is the first anniversary of the death of Comrade Ye Jianying. This morning, some 2,000 Army personnel and people in the Guangzhou area held a solemn ceremony at the Cemetery of Martyrs of the Guangzhou Uprising to inter the ashes of Comrade Ye Jianying. Present were leading central comrades Zhao Ziyang, Yang Shangkun, and Wang Zhen.

At 0830, the urn containing the ashes was brought by Comrade Ye Jianying's main surviving family members, including Ye Xuanping, from the Peasant Training Center, where it had been placed temporarily, to the front of the new memorial to Comrade Ye Jianying in the Cemetery of Martyrs of the Guangzhou Uprising. The memorial is at the southwestern corner of the cemetery. It is a gray stone 4 meters high, topped by a relief sculpture of Comrade Ye Jianying wearing the uniform of a marshal and smiling; the expression is resolute,

steadfast, and full of confidence, and displays the style of Comrade Ye Jianying as a great proletarian revolutionary, politician, and military man. Below the sculpture are three big characters "Ye Jianying" which were written by Comrade Deng Xiaoping. A red granite tablet in front of the memorial bears an inscription from the CPC Central Committee. Pines and azaleas surround the memorial; the scene is green and luxuriant.

Today, wreaths were laid in front of the memorial, sent by the CPC Central Committee, the Central Advisory Commission, the Central Discipline Inspection Commission, the NPC, the State Council, the Central Military Commission, the CPPCC, the party and government leading organs of Guangdong Province and Guangzhou City, Guangzhou Military Region, and the Hong Kong and Macao branches of *Xinhua*. A basket of flowers from Comrade Ye Jianying's surviving family members was placed in the center of the wreaths.

At 0900, the ceremony to inter Comrade Ye Jianying's ashes commenced. Guangdong Provincial Party Committee Secretary Lin Ruo presided. Amid the solemn strains of the "Internationale", Ye Xuanping slowly placed the urn containing the ashes into a specially-made copper covering, which the work personnel then laid below the tablet. Zhao Ziyang, acting general secretary of the CPC Central Committee and premier of the State Council, and Wang Zhen, vice chairman of the Central Advisory Commission, then unveiled the memorial. Yang Shangkun, member of the CPC Central Committee Political Bureau and permanent vice chairman of the Central Military Commission, then read out the inscription for the memorial. In conclusion, the leading comrades, Army personnel and people attending the interment ceremony filed in front of the memorial to bow in respect.

Also present at the ceremony were responsible persons of the party, government, and Army in the Guangzhou area; the Hong Kong and Macao branches of *Xinhua*; and the Preparatory Group for the Establishment of Hainan Province including You Taizhong, Xu Jiatun, Xu Shijie, and Zhou Ding; and well-known figures of Hong Kong and Macao Fok Ying-tung and Ma Man-kee. Also present were responsible comrades of central departments concerned, members of the CPC Central Committee, Central Advisory Commission, Central Discipline Inspection Commission, NPC Standing Committee, and CPPCC Standing Committee who are in Guangzhou.

Zhao Ziyang Inspects Guangzhou Sports Complex
HK220617 Guangzhou Guangdong Provincial Service
in Mandarin 0400 GMT 22 Oct 87

[Text] At 0930 this morning, State Council Premier Zhao Ziyang and Central Military Commission Vice Chairman Yang Shangkun inspected the Tianhe sports complex, scene of the forthcoming National Games. They were accompanied by Guangdong Provincial Party

Committee Secretary Lin Ruo and Guangzhou City Mayor Zhu Senlin. Guangzhou Vice Mayor Shi Anhai told Comrades Zhao Ziyang and Yang Shangkun about the construction of the complex and its various features. Zhao Ziyang and Yang Shangkun made a detailed inspection of the sports stadium, gymnasium, and swimming stadium, and expressed satisfaction with the construction.

Hu Qili Urges Overcoming 'Leftist' Influences
HK220937 Hong Kong ZHONGGUO XINWEN SHE
in Chinese 0215 GMT 22 Oct 87

[Text] Beijing, 22 Oct (ZHONGGUO XINWEN SHE)—Hu Qili, member of the CPCCC Political Bureau and Central Committee Secretariat, recently pointed out: It is necessary to take heed of overcoming "leftist" ideological influences from the past. China is still in the initial stage of socialism; this should be the basis for formulation of various guidelines and policies. To deviate from the level of development of social productive forces and to proceed from abstract theories and principles in continuously carrying out so-called revolution of the superstructure is the root of "leftist" ideas and theories.

Hu Qili made these remarks, reported in the latest issue of the monthly journal *Zhongguo Jizhe* [Chinese Reporter], during a tour of Jilin in August this year.

Quoting Deng Xiaoping's statements, Hu Qili said: To talk about superstructure without due consideration of productive forces is a subjective and whimsical approach and violates principles of Marxism. Socialism should not be equated with poverty, for there is no impoverished socialism. It is possible to talk of the reaction of consciousness on existence and of superstructure on the economic base only on the basis of recognizing productive force as a decisive element.

Hu Qili said: When we were instituting reforms and opening up, some people wanted us to move to the right; when we opposed bourgeois liberalization, there were those who wanted us to move to the left. Both trends are wrong, and we must draw a clear line. To refrain from reforms and from opening up and to return to the old ways is out of the question. To desist from opposing bourgeois liberalization and to advocate "total Westernization" will also not do. Ossification and liberalization are not genuine Marxism; to overcome these two trends is a protracted task.

While in Jilin, Hu Qili held a seminar with figures from the propaganda, arts, and literature circles. He also visited the Changchun film studio and the No 1 automobile manufacturing plant.

At the No 1 automobile manufacturing plant, Hu Qili looked at the model of a new car and said that he hoped the plant's production of this new small car would be

successful. He added: We should use small automobiles produced in our own country, because it involves a question of national dignity.

In his talk with the arts and literature circle, Hu Qili pointed out that, generally speaking, the ranks of writers and artists appeared to be in good shape, but that numerous sectarian biases and grievances, together with various real disputes have contributed through the years to endless arguments; indeed, not a few persons have been involved in these arguments. In the past, a group of people was always hurt in every struggle on arts and literature, but this cannot be blamed on the people from the arts and literature circle. The party should sum up historical experiences and understand the uniqueness of the arts and literature circle. It should provide guidance on arts and literature work, including management structure, regulation systems, salary and wages, and policies on arts and literature, in accordance with the objective laws of arts and literature work itself.

Commentator Stresses Balanced Economy
HK211551 Beijing JINGJI RIBAO in Chinese
30 Sep 87 p 1

[Commentator's article: "Maintain the Equilibrium and Steady Development of the Economy"]

[Text] At the recently concluded national conference on planning, delegates from provinces, municipalities, and regions as well as planned cities from all over the country conducted serious but heated discussions on the general guideline of the 1988 national economic plans, that is, of maintaining economic balance and steady progress. Owing to the explicit guiding ideology on economic work, to the correctness of the ideas on reforms, and to the early arrangements made on the 1988 plans, all parties were able to make early preparations and adopt prompt measures. This is favorable to the smooth implementation of the 1988 reforms program and the attainment of the targets of various economic construction items.

The entire industrial and agricultural production picture in the early months of 1987 has been good, with the following highlights: Production of grains, cotton, and oil crops — all having a bearing on the entire economic situation and on market supply—is higher than last year's; industrial production grew steadily, and at a rate that may exceed original plans; the proportion between light and heavy industries has largely been coordinated; economic results from a number of endeavours have improved. These all provide favorable conditions for ensuring national economic equilibrium and steady growth in 1988.

However, we should soberly note that the problem of instability of commodity prices stands out as the 1988 plans are being drawn up; prices of some means of production and consumption cannot be effectively brought under control. Some departments and units took

the liberty of setting their own prices and making changes. Some big state enterprises took advantage of their monopolies to raise prices, and caused many destructive effects, while speculators stepped in to disrupt the market. Under these circumstances, the state revenue suffered gross losses, while increases in the real income of urban residents were also adversely affected. At the same time, problems also cropped up concerning the harmonizing of price relations and promotion of the system of contractual operations by enterprises. Hence, maintaining the fundamental stability of market prices has become an urgent task in the entire economic work. It is necessary to enforce vigorous measures, and take concerted action. Otherwise, it could be difficult to arrest the upward climb of commodity prices.

The most basic step for stabilizing prices is to develop production and ensure supply. In particular, increasing supply of farm and secondary products as well as of light industrial and textile products in order to maintain market stability and security in people's livelihood should become the primary task for realizing next year's economic stability and development.

Guaranteeing construction of major and necessary projects, firmly suppressing trivial ones and stopping construction of non-commercial projects, halls, and auditoriums — this is essential not only for the resolution of the current problem of excessive investment in fixed assets and in capital construction projects, it is also favorable for adjustment of the investment structure, improvement of investment returns, and assurance of construction of key projects related to energy, transportation, raw materials, and capital installations. All departments should take overall economic interests into consideration when making choices. They should provide full guarantee for organization and construction of vital projects of national interests based on a reasonable work schedule. As for those departments and units which launch projects with no regard for overall interests, they should be stopped by administrative and economic means. Projects that should be stopped must be stopped, and those that should be suppressed must be suppressed. Violations are absolutely not to be tolerated.

Reining in expenditures and credits is the most fundamental measure for reinforcing macroeconomic management for 1988, ensuring price stability and maintaining economic equilibrium as well as stable development. At present, the gap between the country's demand and supply of capital is rather prominent, but the problem should be alleviated by taking measures to increase revenue and reduce expenditures. It is necessary to abide by the principle of more income generation, and of extreme prudence in expenditures. At the same time, it is imperative to continue implementation of the principle of hard work, industry, and thrift, and to persevere and thoroughly carry on with the "double increase, double economy" campaign.

Education Expenditures Rise; Enrollment Up
OW221310 Beijing XINHUA in English 1504 GMT
21 Oct 87

[Text] Beijing, October 21 (XINHUA)—China's spending on education has increased at a rate of 13.8 percent a year over the past nine years between 1978 and 1986, He Dongchang, vice-minister of the State Education Commission, said here today.

Last year the state spent 21.432 billion yuan on education compared with 6.56 billion yuan in 1978, he said at a news briefing.

The amount of money spent on education in the Sixth Five-Year Plan (1981-1985) was 99.4 percent higher than in the Fifth Five-Year Plan period (1976-1980).

Since 1982, China has spent 200 million yuan each year to develop education in the country's relatively poor and backward areas.

China now has 1,054 institutions for higher learning with a total enrollment of 1.97 million undergraduates and 41,000 graduate students. In addition, there are 563,100 students taking night school and correspondence courses.

He also released statistics showing that 14 million students were enrolled in junior middle schools last year. The number represents 69.5 percent of the primary school graduates.

There were 11.63 million senior middle school students last year, [of] which 38.3 percent were students of various vocational schools.

Minister on Stepped Up Forest Fire Prevention
HK220927 Beijing CHINA DAILY in English 22 Oct 87
p 1

[By staff reporter Guo Zhongshi]

[Text] Efforts to prevent forest fires have been stepped up all over China since the country's worst such disaster sounded the alarm in last May.

Local forestry authorities have devoted more funds and taken stricter measures to build up their ability to prevent and cope with forest fires.

This is the case especially in the northern part of the country, which has entered a high-risk period usually lasting till snow falls in November, a senior forestry official said.

Vice-Minister Liu Guangyun of the Ministry of Forestry told *China Daily* that new measures will help set up a stricter responsibility system, improve forest management, strengthen current firefighting forces, and establish a fire prevention network composed of the army, forest police and local residents.

As part of its efforts to reinforce fire prevention, the ministry has applied for more State investment to be used mainly in Northeast China and Inner Mongolia, which rank first in timber production and storage, Liu said.

An official of the Fire Prevention Headquarters said local financial departments in 19 provinces and autonomous regions have raised an additional 57 million yuan (about \$15 million) in special investment against forest fires.

More than 40 million yuan of the new investment was collected by local governments in the three provinces of Heilongjiang, Jilin and Liaoning in the Northeast and Inner Mongolia.

Liu said the new funds will be used to equip forest police, buy firefighting equipment, add new watch towers, trucks and planes, and build transport and communications facilities.

The Vice-Minister said two minor forest fires in Inner Mongolia recently were put out without any damage or casualties.

But Gao Dezhan, Minister of Forestry, warned of problems that stand in the way of forest fire prevention, leading to serious mistakes in the field.

Many serious problems could not be solved over the past several years because of a lack of funds and fire-prevention organizations, Gao said.

He said emphasis should be placed on the improvement of management and fire prevention. Some past methods such as sealing off forest areas and keeping watch on mountains during fire-risk periods should be restored, and there should be strict controls and restrictions against people from other places entering forest areas.

He urged an increase in the variety and number of airplanes and the construction of airports and other equipment necessary for aerial prevention of fires.

The Minister also stressed the difficulties in this winter's job of preventing forest fires in the Northeast Daxing'anling forest areas because of drought and of the harvest of mountain produce that will draw more people onto the mountains.

Meanwhile, the State Council, has called on local officials to lead the way in guarding against forest fires, according to *Xinhua*.

The dry autumn season has begun and all departments and forces must be mobilized to take effective measures to prevent major forest fires, the State Council said in a circular.

East Region

Liang Buting at Shandong Party Meeting
SK220454 Jinan DAZHONG RIBAO in Chinese
8 Oct 87 pp 1, 3

[Excerpts] From 5 to 7 October, the provincial party committee held a meeting in Jinan. Prefectural and city party committee secretaries, city mayors, and prefectural commissioners participated. The meeting reviewed and examined the work in the first 9 months of this year, relayed the guidelines of the national planning conference and the national structural reform conference, and studied and planned for the work tasks in the last 3 months of this year. The meeting called on all levels of party committees and governments to study and implement the guidelines of the upcoming 13th National Party Congress; to uphold the two basic points of the party line by focusing on economic construction; to persist in simultaneous building of the two civilizations; and to guide the vast number of cadres and masses to struggle for comprehensive fulfillment of various 1987 tasks and for making good preparations for the 1988 work.

Liang Buting, secretary of the provincial party committee, presided over and addressed the meeting. He said: The 13th National Party Congress is about to open. All cities and prefectures should race against time to arrange for the work in the last 3 months of this year and the work of next year, with stress on economic work, in an effort to advance all items of work and to further develop the excellent situation of Shandong.

Present at the meeting were responsible comrades of the provincial party committee, the provincial Advisory Commission, the provincial Discipline Inspection Commission, the provincial People's Congress, the provincial government, and the provincial CPPCC Committee; members of the Central Advisory Commission and the Central Discipline Inspection Commission who were in Jinan; and some veteran comrades of the province. [passage omitted]

Jiang Chunyun, deputy secretary of the provincial party committee and provincial acting governor, delivered a speech on the work tasks for the last 3 months of this year. His speech is divided into four parts.

1. We Should Overfulfill All Economic Targets for This Year, and Strive to Make Good Preparations for the Work of Next Year. [passage omitted]

2. We Should Accelerate Reform and Strive To Achieve New Breakthroughs. [passage omitted]

3. In Building Spiritual Civilization, We Should Focus Our Attention on Enhancing People's Ideological, Moral, and Cultural Quality and Conduct This Campaign More Extensively and Solidly. [passage omitted]

4. We Should Further Improve Leading Bodies at Various Levels. [passage omitted]

Central-South Region

Guangdong Holds Meeting on Social Culture
HK211524 Guangzhou Guangdong Provincial Service
in Mandarin 1000 GMT 13 Oct 87

[Excerpts] Fang Bao, standing committee member of the provincial party committee, this morning delivered a speech at a provincial work conference on the administration of social culture. [passage omitted]

Referring to some existing problems in the social cultural market, Comrade Fang Bao said: Some departments and individuals engaged in running social cultural undertakings have not done well in correctly handling relations between social benefit and economic benefit, and have brought into the social cultural market things that harm our society and people. Regarding these problems, we must strengthen education and administration.

This 5-day Guangdong provincial work conference on the administration of social culture concluded this afternoon. The conference revised the draft regulations regarding the administration of social culture in Guangdong Province. The revised regulations will be submitted in the coming few days to the provincial people's congress for examination, approval, and promulgation.

Guangdong Holds Meeting on Taxes, Prices
HK221250 Guangzhou Guangdong Provincial Service
in Mandarin 1000 GMT 19 Oct 87

[Text] The provincial government today held a meeting to make arrangements for conducting a general checkup on taxes, financial work, and commodity prices in the province. Yang Deyuan, vice governor of the provincial government, attended and addressed the meeting.

Our province's achievements in conducting general checkups on taxes, financial work, and commodity prices over the past 2 years was affirmed at the meeting. It was also noted that, by and large, the general checkups did not touch departments responsible for business undertakings that have had relatively more problems nor did they touch those law enforcement organs that receive income from fines. Following the past 2 years' general checkups, a number of units have frequently violated financial and economic discipline.

For this reason, the meeting stressed that this year, our province will mobilize more forces to conduct a general checkup on taxes, financial work, and commodity prices within a wider range. During this year's general checkup, we must uphold the four integrations, namely, integrating this general checkup with the current "double increase and double economy" campaign; with the work

of deepening reform and improving the internal management mechanism of enterprises; with the work of opposing bureaucratism and checking unhealthy tendencies; and with the work of fulfilling this year's plan to increase financial revenues and reduce expenses and banking budgets. The major targets of this year's general checkup are: Large enterprises with big profits or losses that exert relatively greater influence on our economic development and financial revenues; monopoly trades and professions; and departments responsible for business undertakings that have relatively more problems.

Southwest Region

Guizhou Meeting Discusses Economic Issues HK220647 Guiyang Guizhou Provincial Service in Mandarin 2300 GMT 21 Oct 87

[Excerpts] The provincial government held a meeting of prefectural commissioners, autonomous prefectural governors, and city mayors in Guiyang on 19 and 20 October. Economic work for the 4th quarter and for next year and questions of economic structural reform were studied. The meeting called on the province to further promote steady and coordinated economic development and the continued development of the reforms.

Long Zhiyi, deputy secretary of the provincial party committee, and responsible comrades of work departments of the provincial government, attended the meeting. [passage omitted]

The meeting held that, to further stabilize the economy, it is necessary to further deepen the reforms. We must carry out coordinated reforms of the planning, investment, material supply, foreign trade, and financial and fiscal systems, centered on deepening the reforms of the enterprise management setup. We must also reform the electric power management setup. We must seriously implement the general economic development principle of stabilizing the economy, market prices, and living standards, and take tangible measures to keep tight controls on finances, credit, and investment. We must further promote the double increase and double economy drive. [passage omitted]

We should keep a tight rein on all expenditures next year, make good use of our limited capital, and strive to do more urgently-needed things amid a tight environment. [passage omitted]

Fujian Provides Legal Service for Taiwanese
HK220241 Hong Kong ZHONGGUO XINWEN SHE
in Chinese 0211 GMT 14 Oct 87

[Text] Fuzhou, 14 Oct (ZHONGGUO XINWEN SHE)—The lawyers' office for foreign economic affairs in Fujian Province provides free legal services for Taiwan.

Recently, many people who held Taiwan passports and did not want to disclose their identity inquired about the mainland's laws. A responsible person of the above-mentioned law firm said that Taiwan compatriots who come to do business and stay on the mainland will enjoy the same protection by law. He said that Taiwan compatriots who live in Taiwan and who come to visit their relatives and sightsee on the mainland are welcomed to seek legal assistance from his office by writing letters to them and personally calling on them.

The lawyer's office for foreign economic affairs in Fujian is willing to act as legal representatives in both contentious and non-contentious cases for Taiwan compatriots. The law firm has invited Mr Huang Yixiang of the China Legal Consultant Corporation in Hong Kong as their agent. Mr Huang can carry out the procedures for seeking legal representatives on the mainland for Taiwan compatriots. The addresses of the offices for receiving Taiwan compatriots of this Fujian law firm are: 109 Tongha Road, Fuzhou; and the Tiedao Building, Wuyi Road, Fuzhou. The legal consulting services for Taiwan compatriots are free.

Three years ago, Taiwan businessman Mr Zhang invested 1 million yuan to build a plant for raising eels in Zhaoan County, Fujian Province, but he did not gain the guaranteed profits. Mr Zhang sought help from the law firm, and the law firm quickly helped him solve the problem.

The law firm has more than 80 full-time and part-time lawyers. They will do their best to provide high-quality and efficient legal services for Taiwan compatriots and will actively protect their legitimate rights and interests.

Taiwan Establishes Rules for Mainland Trips
OW211331 Beijing XINHUA in English 1620 GMT
20 Oct 87

[Text] Hong Kong, October 20 (XINHUA)—The "Ministry of Finance", the "National Police Administration" and other departments in Taiwan have drawn up rules on mainland travel.

The rules worked out by the "Ministry of Finance", which will be submitted to the "Executive Yuan" for approval, specify the maximum amount of articles Taiwan compatriots will be allowed to bring back from the mainland.

The "National Police Administration" has decided to allow Taiwan compatriots to carry their dead relatives' bones back to the mainland for burial according to the Chinese tradition.

Meanwhile, some Taiwan banks plan to open tourist loans to those intending to visit the mainland.

The "Min Sheng Pao" newspaper today published notices from over 100 people on the mainland seeking their relatives in Taiwan.

Ningbo Prepares for Taiwanese Visitors
HK220923 Beijing CHINA DAILY in English 22 Oct 87
p 3

[By staff reporter Li Huahong]

[Text] Ningbo—This port city in Zhejiang Province will soon open a Ningbo-Hong Kong passenger boat line to transport the expected mainland visitors from Taiwan.

"The former residence of the late Kuomintang leader Chiang Kai-shek in suburban Ningbo and the city itself will no doubt be great attractions to these compatriots, and we expect that many of them would like to come by water via Hong Kong," Vice Mayor Ye Xinhua told *China Daily* yesterday.

The State approved the project after the Taiwan authorities' move to ease the ban on people visiting the mainland. "Preparations for the new line are going ahead at full speed," Ye said.

The Zhejiang Ocean-Going Transport Corporation will provide the ship and manage the line. The city is improving the dock, enlarging and beautifying the square by the port, and improving other reception facilities, he said.

Ye said the city will make sure that Taiwan compatriots, who have been separated from their old homes and relatives for 40 years, "go back satisfied."

An official from the Ningbo Municipal Committee of the Chinese Communist Party said the local travel administration and other departments are busy getting ready for the expected visitor boom. They are paying particular attention to how to protect the Chiang property from any possible accidental damage.

Several Chinese cities and counties have made preparations to cater for visitors from Taiwan.

They have set up special institutions to receive homecoming people from the other side of the Straits, simplified entry procedures and guaranteed priority for their fellow countrymen in terms of transport, accommodation and food.

Fenghua County in Zhejiang Province, the home town of Chiang Kai-shek, has decided to open all its tourist attractions to visitors from Taiwan.

Since 1985, the number of tourists and visitors from Taiwan to Fenghua has increased rapidly, and local governments have pooled more than 600,000 yuan to build a special reception building.

Meanwhile, the ministry of finance and the police administration in Taiwan have drawn up rules about travel to the mainland.

The rules, which will be submitted to the executive yuan for approval, specify the maximum amount of articles Taiwan compatriots will be allowed to bring back from the mainland.

Taiwan compatriots will be allowed to bring back their dead relatives' bones to the mainland for burial according to the Chinese tradition.

Some Taiwan banks plan to offer tourist loans to those intending to visit the mainland.

Tibetan Anticommunist Struggle Supported
*OW220231 Taipei CNA in English 0330 GMT
22 Oct 87*

[Text] Taipei, Oct. 22 (CNA)—Premier Yu Kuo-hua said Wednesday the government of the Republic of China [ROC] has been very concerned about the recent Tibetan uprisings against the tyrannical Chinese Communist rule and that it will do its utmost to support and to give assistance to Tibetan compatriots in their anti-communist struggle for freedom and human rights.

Premier Yu made his statement while hosting a tea party to entertain some 50 representatives of Mongolian, Tibetan and Sinkiang people residing abroad. The representatives are in Taipei to attend the Double Ten National Day celebrations.

Yu said that Mongolia, Tibet and Sinkiang are all a part of the territory of the ROC and that people there and those residing in other parts of China, after living harmoniously with each other for several thousand years, have all melded into a strong Chinese people.

The recent Tibetan uprisings are a part of the Chinese people's struggle against communism and the ROC Government should direct the courageous movement by the Tibetan compatriots in concert with the national drive for reunifying China under the Three Principles of the People so as to destroy the totalitarian communist regime by all Chinese as a whole, he said.

Premier Yu stressed that the ROC Government, after China's reunification, will safeguard the legal status of all people residing in the nation's border areas and specially protect their rights to "self-government" in compliance with the Constitution, enabling them to enjoy the well-being of equality, freedom and democracy with their compatriots.

He pointed out that all Tibetans, Mongolians and Sinkiang people residing abroad love their free mother country and are loyal to the ROC Government; this, he added, is the best guarantee that the ROC anti-communist drive will eventually succeed and China's reconstruction will be accomplished.

In response, the representatives said they are proud of the prosperity, stability and progress the ROC has achieved and that they are sure China must be unified under the Three Principles of the People.

Government officials present at the meeting included vice Premier Lien Chan; ministers without portfolio Hsiao Tien-chan and Kuo Wei-fan; and Wu Hua-peng, chairman of the Mongolian and Tibetan Affairs Commission.

Meanwhile, the ROC Council of Religions issued a statement Wednesday voicing its support for the Tibetan anti-communist uprisings. It also called on the world to condemn the Chinese Communists for their relentless suppression of the Tibetan religion.

Dangers of Trade With Mainland Described
*OW191255 Taipei International Service in English
0200 GMT 19 Oct 87*

[Station commentary]

[Text] When the government of the Republic of China first announced several weeks ago that it was preparing to allow people to visit relatives in the communist controlled mainland of China, many people here got the idea that the government would also liberalize other types of visits in the wake of the first opening to the mainland in 40 years. As a result, two journalists jumped the gun by making an unauthorized visit to the mainland, and businessmen suddenly began making plans to either trade with the mainland or do business and invest there.

To set the record straight, the government has repeatedly announced that only relative visitations will be permitted. Charges were also filed against the two journalists, who have since returned home, as if to show that the government means business in enforcing the law.

But businessmen continue to scramble in preparation for a rumored opening to the mainland. In doing so, they completely ignore what the government has been saying about this issue.

In a speech before visiting journalists the other day, Premier Yu Kuo-hwa reiterated the government's position of disallowing direct trade with the mainland. He cited not only the fact that such trade would violate the policies and laws against establishing official contacts with the Chinese Communists, but also the fact that trade with the Chinese Communists is too risky for businessmen on Taiwan. It's the government's responsibility, Premier Yu has said, to educate and warn local businessmen of the dangers involved.

Among these, Premier Yu pointed out that the Chinese Communists themselves refer to trade with Taiwan as "a political issue." This means the communists attach a greater importance to it than local businessmen do. Simply put, businessmen here want markets and profits; Peking wants the trade angle as a means of cracking Taipei's political shell of no contacts with the communist regime.

Premier Yu also warned that the government cannot permit the Taiwan economy to be held hostage by Communist China. This can happen, he said, if Taiwan's businessmen become too reliant on the mainland for

orders. If such conditions exist, the Chinese Communists can pull the rug right out from under local businessmen at any time, for any whim or reason.

The government can cite several cases in which even indirect trade with the mainland has created problems for Taiwan businesses. The most noteworthy case in recent years concerns a large motorscooter manufacturer who accepted large orders from the mainland, placed through buyers in Hong Kong. The manufacturer went head-over-heels on its production lines to meet the orders. Then it learned through the Hong Kong intermediaries that the deal had been cancelled by Peking. The scooter maker quickly went out of business, because it could not absorb the loss in orders and production investment.

The lesson of that case, coupled with repeated government warnings about dealing with the Chinese communists in trade matters, seems to be lost on some Taiwan businessmen who still clamor for the right to have direct trade with the mainland.

That a market for Taiwan products exists there may be true. But that the benefits outweigh the risks is hardly a firm argument at present. As Premier Yu said, permitting family reunions is one thing, letting yourself become an economic hostage to the communists is quite another.

South Korea Thwarts Dissident's Plans

Kept Off Airplane

HK211147 Hong Kong AFP in English 1132 GMT
21 Oct 87

[Text] Manila, Oct 21 (AFP)—Exiled Taiwanese dissident Hsu Hsin-liang, who plans to return to Taiwan "very soon" to face trial on sedition charges, said here Wednesday he had been prevented to fly to South Korea on his way home.

Mr. Hsu, who arrived here Sunday, told a news conference that officials of the Hong Kong airline Cathay Pacific here had prevented him late Tuesday from boarding a Cathay jet and flying to South Korea via Hong Kong.

He said five opposition members of Taiwan's legislature who were with him were allowed to board the plane but were not permitted to proceed to Seoul and were still at Hong Kong airport.

(In Hong Kong, government-run radio RTHK quoted Cathay Pacific officials as saying the five were barred from flying onto Seoul because the South Korean consulate had told Cathay they "would not be allowed to disembark in Seoul."

(Comments were not immediately available from the Hong Kong government or the South Korean consulate.)

Mr. Hsu said his enemies had put pressure on Cathay to prevent him from visiting South Korea despite his having "valid travel documents," and said he would sue Cathay Pacific for "damaging my reputation."

The dissident, who faces sedition charges at home, said he would try to fly direct to Taiwan "very soon" to stand trial after he settles the suit.

The Cathay manager in Manila, Tim Fitzsimmons, was unavailable for comment.

Mr. Hsu, who has been in exile in the United States for the past eight years, said he wanted to "go back to Taiwan to test if there is any difference after the lifting of martial rule" in July.

He said he wanted to drum up Asian support for direct presidential and legislative elections in Taiwan, and missed a planned meeting with South Korean opposition leader and presidential candidate Kim Young-sam in Seoul Wednesday.

He said the Taiwanese had been "encouraged by the people's power" revolt which swept President Corazon Aquino to power here last year, and wanted to "learn something from the democratic movements here and in South Korea."

"The democratic forces in these areas should have more solidarity and cooperation" against repressive regimes in the region, Mr. Hsu added.

Ban Protested

HK220920 Hong Kong AFP in English 0855 GMT
22 Oct 87

[Text] Taipei, Oct 22 (AFP)—Some 100 members of the opposition Democratic Progressive Party staged a protest outside the South Korean Embassy here Thursday after a Taiwan dissident was refused entry into South Korea, witnesses said.

Some 50 riot policemen guarded the embassy from protestors waving placards and banners reading "We welcome the return of Hsu Hsin-liang," a prominent dissident who has been prevented by the authorities from returning to Taiwan.

A South Korean Embassy official received a letter from the demonstrators but the embassy made no comment on the protest.

The demonstrators used loudspeakers to condemn the South Korean government for refusing this week to allow Mr. Hsu to enter South Korea, where he planned to meet South Korean opposition leaders.

The protesters also accused the Taipei authorities of barring Mr Hsu, a former magistrate from northern Taoyuan County, from coming home to face sedition charges.

Cathay Pacific Airways refused to let Mr Hsu board a flight from Manila to South Korea Tuesday. Lawyers for Mr Hsu in Manila said he plans to sue the Hong Kong-based airline for one million U.S. dollars in damages.

The authorities here have refused to allow Mr Hsu to enter Taiwan, although he is one of 15 people wanted on sedition charges.

There have been reports that the charismatic opposition leader might return home through "underground channels."

Mr Hsu went to the United States in 1978, shortly after he was stripped of his magistrate post for joining an opposition demonstration.

Hong Kong

Effect of CPC Leadership Changes Noted HK220905 Hong Kong HONGKONG STANDARD in English 22 Oct 87 p 7

[Excerpts] With attention being focused on leadership changes and political reforms during the 13th Party Congress, the likely impact of these changes on Hong Kong will probably be ignored.

But changes in party policy will have an effect here, although the important ones won't be felt immediately. The first direct result will probably be a phasing out of some key officials in charge of policy matters concerning Hong Kong.

And for the first time in Chinese Communist Party history, two locals—Mao Junnian and Chen Fengying—will be attending as elected delegates to the congress. This suggests that the congress will be a milestone in Sino-Hong Kong relations. However, no dramatic changes in China's policy towards Hong Kong, Macao and Taiwan are expected.

But there may be personnel changes, because both the Director of the Hong Kong and Macao Affairs Office, Ji Pengfei and China's top representative here, Mr Xu Jiatun, chief of the *Xinhua* Hong Kong Office, are expected to retire in the next couple of years because of their age. This has nothing to do with the rejuvenation programme now being pushed by Mr Deng. Some Chinese officials have been at pains to explain that the departure of these two men will not affect China's policy towards Hong Kong.

The Hong Kong and Macao Affairs Officer under the State Council is generally seen by Hong Kong people as the supreme body on matters affecting the two territories. This is not the case. There is in fact a party caucus called the Taiwan, Hong Kong and Macao Group, headed by General Yang Shangkun, which has an overriding say. It is a party unit, the other is a government agency. [passage omitted]

Dr Byron Weng, head of the Government and Public Administration Department of the Chinese University, says: "China's policy on Hong Kong has long been (evident). China will allow more flexibility on economic development but will allow less flexibility in the political arena to safeguard its control over the territory.

"China has never said Hong Kong people could get what they want or do what they like (in the political sense).

"However, China should be blamed because it has misled Hong Kong people into thinking that way by giving many assurances, especially during the negotiations in 1983.

"You can't tell China: 'Hey, you have no power to do this or that to us.' What you can do is to say: 'You have the power but can you let us do such and such?'

"Hong Kong cannot look for autonomous power in a threatening way. Power is China's bottom line. How high the degree of autonomy will be is all up to China."

Increased Influence of XINHUA Noted HK220903 Hong Kong HONGKONG STANDARD in English 22 Oct 87 p 7

[Excerpt] It came like a bombshell. Four local *Xinhua* News Agency officials were elected as delegates to the 13th Congress. And it came in a mid-June announcement by the *China News Service*.

To many people, sensitive to the 1997 issue, the move indicated that the four were party members and that they would now play party roles "above ground" and in their official capacities.

The four are already prominent *Xinhua* officials. They are *Xinhua* director Xu Jiatun, who is China's top representative here; Mao Junnian, vice-director; Zheng Hua, another vice-director; and Chen Feng-ying, an assistant-director. They will be joined in Beijing this Sunday by another *Xinhua* vice-director, who is also an alternate member of the party's Central Committee, Qiao Zonghuai.

Reaction from the media to the announcement the four would be attending the congress was immediate and fierce. Many feared the party would now play a dominant role in local affairs even before the transfer of sovereignty.

The government reportedly has also expressed concern over the implications of the announcement, since it might suggest open communist activities in the territory.

This reaction surprised Beijing. And in July a circular was issued by the party propaganda department decrying the announcement.

It has been described as a "serious political mistake", sources in Guangzhou told *The Standard*.

Xinhua's Hong Kong propaganda department was quick to explain that the four were members of the Guangdong delegation to the congress and not representing Hong Kong people.

Whether or not they do represent Hong Kong officially is not important. They work in Hong Kong on Hong Kong affairs. And more important, at least two were locally born.

Mr Mao graduated from Hong Kong University and had no direct "leftist" involvement until he joined *Xinhua* three years ago. [passage omitted]

Reopening of Stock Market Still Tentative
*HK220655 Hong Kong HONGKONG STANDARD
 in English 22 Oct 87 p 1*

[By Michael Blendell, Danny Lo, and Divina Yumol]

[Text] Financial Secretary Piers Jacobs admitted yesterday that the government and the Hong Kong Stock Exchange had not done enough to deal with the "backlog problem" at the stock market.

He was speaking as the stock exchange remained closed for the second consecutive day—with all the indications being that it would stay shut until Monday, as originally announced.

Mr Jacobs had earlier raised the possibility that the exchange could reopen later this week, if the current rally in the ravaged United States market continued.

And the stock exchange general committee will meet this afternoon to review the four-day suspension it imposed on Tuesday in the face of a massive 420-point fall in the Hang Seng index on Monday.

But informed sources close to the Securities Commission and the Stock Exchange say there is no chance of a resumption before Monday, for several reasons—not least being gaping open positions in the Hang Seng Index futures markets.

The fear is that there could be massive defaults on these positions in the wake of the price slump, sending many stock brokers and futurers brokers to the wall.

The main reason given by the stock exchange committee when they announced the unprecedented suspension was a need to allow traders to clear backlogs built up in days of hectic trading.

Answering Senior Legislative Council member Miss Lydia Dunn in yesterday's Legco session, Mr Jacobs acknowledged that the government had been fully aware of problems in the exchange's clearing system and had miscalculated their effect.

"We didn't see it blowing up quite the way that it has blown up," he said.

Facing grilling by the councillors, Mr Jacobs defended the closure decision as "sensible" and "helpful".

He also defended the exchange's board members and ruled any possibility that they would be investigated in connection with the closure.

"Such action is not contemplated. I think it carries with it certain implications which in many ways are unfortunate. I think action of that nature would be unwarranted intervention and interference," he said.

Asked by Councillor Martin Lee how the government could convince the community that four days were needed to clear the transaction backlog and that the decision was not biased by self interest, he said the people in the marketplace were best suited to decide on the length of the suspension.

"I certainly do not want to speculate on the motives of those who made the decision," he said.

He maintained that the four-day suspension would not affect Hong Kong's reputation any more than any other major financial market had suffered from the global financial chaos.

Mr Jacobs rejected a suggestion from Mr Lee that the Commissioner for Securities, not the stock exchange, should hold power of suspension.

Lack of Government intervention was "in line with the general philosophy towards the financial market of Hong Kong," he said.

After Wall Street's recovery overnight on Tuesday, which continued yesterday, other major financial markets started to move back up after two days of unprecedented panic selling, and there were prime interest rate cuts in the U.S. a surge in bond prices, and a continued strengthening of the U.S. dollar. [passage omitted]

Mr Jacobs' suggestion that the market could open earlier came at the opening of the Money'87 exhibition yesterday morning.

Speaking to reporters after the opening, the Financial Secretary said the Government was in close contact with the Stock Exchange on the possibility of an early reopening. He said things looked right, but he would not want to predict anything "at this moment in time".

'Grey Market' Trading
*HK220911 Hong Kong SOUTH CHINA MORNING
 POST in English 22 Oct 87 pp 1, 2*

[By Stephen Leather and Howard Winn]

[Excerpt] Hong Kong investors and brokers were reportedly still wheeling and dealing in shares yesterday using their own "grey" unofficial prices as a means of circumventing the closure of the stock market.

Large volumes of shares, particularly the blue chip stocks, were said to have been traded on the so-called "grey market" since Hong Kong United Stock Exchange chairman Mr Ronald Li announced on Tuesday that the exchange would stop trading for the rest of the week after a crash that wiped \$65 billion off the territory's shares.

Stockbrokers were reluctant to talk openly about the grey market but most said that prices of blue chip companies like the Hong Kong and Shanghai Bank and Mr Li

Ka-shing's Hutchison Whampoa were now about 25 percent below their levels on Monday, when the Hang Seng Index fell 420 points, wiping 11 percent of share values in the market's biggest ever fall.

A grey market transaction is an informal arrangement whereby a price is agreed between a broker and an investor for a parcel of shares and the bargain is properly executed at a later date.

Although trading on the grey market this week is a result of the closure of the exchange, such a market usually emerges when a new stock is in the process of being listed.

Brokers will often quote prices for a stock during the period after the public offer has closed but before trading has started on the exchange.

Big investors were managing to buy and sell shares yesterday using the unofficial prices.

Many brokers said they were not trading unofficially, saying that it would violate stock exchange rules and in some cases would be illegal.

But others who asked not to be named said they were actively trading, and one said he received bids for \$200 million worth of shares.

One broker said trading in Hong Kong Land, a leading property firm, was particularly active. The stock rose sharply on takeover rumours last week ahead of the market sell-off.

"There are a lot of people out there who want to sell," said one leading stockbroker. "You can't blame them. They are sick of the whole business. "They've got the banks pressing them for money and they are not allowed to sell. On the other hand, you have those who are happy to buy if people want to throw their stock away. It's not surprising the chaps are champing at the bit with the exchange closed." [passage omitted]

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